

Chief, OCR, Liaison and Collection Division

10 March 1959

Deputy Chief, Trade Controls Branch

Diversion of U. S. Jeeps Via Yugoslavia

Ref : [REDACTED] and communications dated 15 January 1959 and
26 January 1956 from Mr. Hebrew to [REDACTED] (Investigation Staff 25X1A9a
Case No. [REDACTED])

1. Permission has been granted by RQM/RC to disseminate the [REDACTED] information contained herein to the Department of Commerce and foreign service posts in Norway, France, Yugoslavia, Belgium, Austria, Hong Kong, Switzerland and West Germany and to Paris USRO and DCP for BACKGROUND USE ONLY classified SECRET/NOFORN. We have been informed that clearance for dissemination of the referenced [REDACTED] report by the Department of Commerce has already been rejected.

2. It is our understanding, based on a conversation with Mr. Sturbitts that the Liaison and Collection Division is attempting to determine whether the referenced [REDACTED] report is connected with previously investigated diversion cases as requested in Mr. Hebrew's correspondence referenced above.

3. Most of the information contained in the referenced documents which could be confirmed from available intelligence has been reviewed with the following results.

a. Djordji D. Nesic is the present director of the Yugoslav firm (Progres) Mehamicarska Radionica Za Opravka Automobila, Vasiljevic Mihaila, Prote Mateje 70, Belgrade.

b. Nesic has visited the U. S. several times, naming Mr. Hickman Price, ^{Vice} President of Willys Overland, as his contact on at least one occasion in State Department visa papers. His return from the latest known visit to the U. S. was reported in Belgrade D-442 of 13 February 1957, but a visit might have been made in September 1958 also, as suggested in the referenced [REDACTED] report. The stated purpose of this visit included "barter arrangements for U. S. jeeps and spare parts."

c. Nesic had also been in Austria at least once in 1954, and may have developed a contact with Lajos Weiss of Vienna, the reputed intermediary at this time. Weiss could not be

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identified through available commercial and telephone directories of Vienna and Austria, nor in East-West trade documentation.

25X1A2g 4. The K. A. Bach described in [redacted] of 28 November 1957
25X1A2g is believed to be Knut Bach, who, according to a [redacted] from a source evaluated as usually reliable, was reported to be a director of the Norwegian firm, Aarnes and Company. The report further stated that his trade relations with the Bloc reportedly began in 1948 with the Communist coup in Czechoslovakia. Bach's association with Minotra A/S (AKA Otra Mining Company) and its Director, Mr. Proben Gjertsen, in East-West trade was described in [redacted] of 11 January 1954. Bach also operated the firm Knut A. J. Bach at Brubgate 24, Oslo, according to this despatch.

25X1A2g 5. A firm which might also be involved in the diversions of jeeps is Societe Tolexport, Vaduz. In [redacted] dated November 1956, evaluated as possibly true, Societe Tolexport was reported to be delivering motor transport parts purchased in the U. S. to Communist China via Yugoslavia. The parts were reported to be used in vehicles sent to China under U. S. lend lease (presumably including a significant amount of Willys jeeps).

25X1A2g 6. Our memorandum of 9 December 1958 to Mr. James noted the contradictory reports concerning ownership and/or control of Tolexport. Bernard Lieberman, who has been described as owner of Tolexport is listed in the Paris Telephone Directory at 56 Rue de Rocher as an importer-exporter. David Lieberman, the other possible owner also lived in Paris in 1952, but now resides in Brussels. He has Paris connections as noted below who might have acted for him in negotiations with the Paris office of Progres. [redacted] of 18 February 1955, discussed the collaboration of Bernard Lieberman (of Brussels, not Paris) and Fernando Galic in a diversion of strategic goods to the USSR. Galic, a Yugoslav born Paris resident traveling under an Italian passport, has also been reported to be involved in similar diversion attempts with Viennese traders. David Liebermann's connection with the firms, Societe Getraco, Paris and Finmetal S.A.R.L., Paris (recently combined under the name, Getraco-Finmetal) both controlled by Maurice V. Bracka of Paris was reported in [redacted] of June 1952, evaluated as possibly true. Therefore, it is possible that Bracka may be conducting Tolexport's Paris operations. While none of this information definitely ties Tolexport or either of the Liebermans in with the Knut Bach or Progres diversion, there are a number of interesting similarities, i.e.; use of the Yugo-China route, similarity of commodities shipped, Austria-French-Yugoslav connections, etc.

25X1A2g 7. The Paris Street Directory lists a Progres Commerciale (Import-Export) firm at 76 Rue Lemercurier. It is possible that this is the Paris office of Progres (Yugoslavia). If so, the identity of its officers and/or connections may provide Washington with information required to identify the reported shipments.

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8. It is our practice when providing [REDACTED] information to our k
DCP contacts to request that no mention be made of CIA source
descriptions or numbers in any further dissemination of the information.
Please provide S/TD with a copy of your transmittal to the Department
of Commerce.

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